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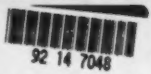

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period ended March 31, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

PROCESSED BY
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For Quarter Ended March 31, 1992
Commission File Number 0-18347

Sullivan Dental Products, Inc.

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

(Exact name of registrant as specified in its charter)

Delaware	36-3070444
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
10920 West Lincoln Avenue, West Allis, Wisconsin	53227
(Address of Principal executive offices)	(Zip Code)

(414) 321-8881

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to filed such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes X No ___

As of May 13, 1992, 8,790,947 shares of common stock, .01 par value, were outstanding.

FORM10.511

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SULLIVAN DENTAL PRODUCTS, INC.

FORM 10-Q

FOR THE THREE MONTHS ENDED MARCH 31, 1992

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Part I FINANCIAL INFORMATION

SULLIVAN DENTAL PRODUCTS, INC.

BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,847	$ 68,924
Accounts receivable:		
Trade, less allowance for uncollectible accounts	11,097,829	10,042,068
Other	39,079	261,138
Inventory	15,891,705	15,463,858
Prepaid expenses and other	311,596	387,243
Total current assets	27,450,056	26,223,231
PROPERTY AND EQUIPMENT:		
Warehouse and office equipment	2,249,850	1,828,568
Transportation equipment	1,059,778	997,082
Leasehold improvements	165,545	133,345
	3,475,173	2,958,995
Less Accumulated depreciation	1,146,951	1,047,952
Net property and equipment	2,328,222	1,911,043
OTHER ASSETS:		
Goodwill	2,644,589	2,661,535
Other	430,333	448,766
	$ 32,853,200	$ 31,244,575

See notes to financial statements.

	March 31, 1992 (Unaudited)	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Note payable to bank	$ 2,775,000	$ 3,950,000
Accounts payable	7,223,853	5,930,228
Accrued expenses:		
Salaries, commissions and benefits	884,140	419,357
Other	843,634	961,860
Income taxes payable	512,331	309,281
Total current liabilities	12,238,958	11,570,726
STOCKHOLDERS' EQUITY:		
Preferred stock--$.01 par value; 500,000 shares authorized, none issued	-	-
Common stock--$.01 par value; 10,000,000 shares authorized, 7,985,947 shares issued and outstanding	79,859	79,859
Paid-in capital	10,657,607	10,657,607
Retained earnings	9,876,776	8,936,383
Total stockholders' equity	20,614,242	19,673,849
	$ 32,853,200	$ 31,244,575

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net sales	$ 23,521,541	$ 15,750,784
Cost of sales	15,594,781	10,584,527
Gross profit	7,926,760	5,166,257
Operating expenses	6,363,079	4,150,695
Operating income	1,563,681	1,015,562
Interest expense	55,500	2,262
Other income	20,213	33,300
Income before provision for income taxes	1,528,394	1,046,600
Provision for income taxes	588,000	408,000
Net income	$ 940,394	$ 638,600
Net income per common and common equivalent share:		
Primary and fully diluted	$ .11	$ .08
Weighted average common shares outstanding:		
Primary	8,323,000	8,141,000
Fully diluted	8,325,000	8,174,000

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

STATEMENTS OF CASH FLOW

(Unaudited)

	Three Months Ended March 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 940,394	$ 638,600
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	156,671	112,481
Gain on sale of property and equipment	-	(143)
Provision for losses on accounts receivable	27,000	15,000
Changes in assets and liabilities:		
(Increase) in accounts receivable--trade	(1,082,761)	(1,034,485)
Decrease in accounts receivable--other	222,059	93,468
(Increase) in inventory	(427,847)	(1,566,293)
Decrease in prepaid expenses and other	64,272	74,230
(Increase) in other assets	(4,900)	(687)
Increase in accounts payable	1,293,625	1,705,608
Increase (decrease) in accrued expenses--salaries, commissions and benefits	464,783	(60,624)
(Decrease) increase in accrued expenses--other	(118,226)	111,682
Increase in income taxes payable	203,050	102,424
Total adjustments	797,726	(447,339)
Net cash from operating activities	1,738,120	191,261
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of assets, net of cash	-	(1,989,617)
Purchase of property and equipment	(522,197)	(189,713)
Proceeds from sale of property and equipment	-	8,570
Net cash from investing activities	(522,197)	(2,170,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) in note payable to bank	(1,175,000)	-
Net cash from financing activities	(1,175,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,923	(1,979,499)
CASH AND CASH EQUIVALENTS, beginning of period	68,924	1,999,393
CASH AND CASH EQUIVALENTS, end of period	$ 109,847	$ 19,894
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 55,500	$ 2,262
Income taxes	384,950	305,576

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

THREE MONTHS ENDED MARCH 31, 1992

Note A - Summary of Significant Accounting Policies

Basis of Presentation:

Effective January 1, 1992, Sullivan Dental Equipment, Inc. (a wholly owned subsidiary of the Company) ceased operations and was merged into the Company.

The financial statements have been prepared by the Company, without audit by independent certified public accountants, in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations since the Company believes that the disclosures contained herein are adequate to make the information presented not misleading.

These financial statements should be read in conjunction with the financial statements and notes included in the Company's 1991 Annual Report on Form 10-K. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992, as well as the results of operations and the cash flows for the three months ended March 31, 1992 and 1991, have been included.

The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Inventory:

The Company measures inventory and cost of sales for interim financial statements by use of a historically developed gross profit percentage. Annually, the Company adjusts the inventory to reflect the result of a physical count.

Net Income Per Share:

Net income per share and the dilutive effect on net income per share of potentially dilutive stock options are computed by the treasury stock method. Common stock equivalents result from the assumed issuance of shares under stock option plans. All per share amounts have been adjusted to reflect stock dividends.

SULLIVAN DENTAL PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

THREE MONTHS ENDED MARCH 31, 1992

Note B - Stock Dividend

On January 6, 1992, the Board of Directors declared a stock dividend of one share of common stock for each two shares of common stock held by stockholders of record at the close of business on January 21, 1992. The par value of shares distributed was transferred to common stock from paid-in capital. Cash in lieu of fractional shares was charged to paid-in capital. This stock dividend has been treated as a stock split for accounting purposes and was recorded as of December 31, 1991. The 1991 share amounts have been adjusted retroactively for this stock dividend.

Note C - Subsequent Events

On April 7, 1992, the Company sold 805,000 shares of common stock in an equity offering. The offering price was $18.00 per share and proceeds to the Company after offering expenses were approximately $13,346,000.

On April 9, 1992, the Company purchased all of the assets and assumed certain liabilities of Dental Specialty, Inc., a Denver based dental equipment and service company, in exchange for 75,000 shares of common stock of the Company valued at $1,125,000. The excess of cost over the fair value of assets acquired (goodwill) is $700,000 and will be amortized over 40 years on a straight-line basis. The acquisition will be accounted for under the purchase method of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Net sales for the three months ended March 31, 1992 were $23,522,000, an increase of $7,771,000, or 49.3%, over the same period last year. The $7,771,000 increase in net sales was substantially due to increased unit sales and, to a lesser extent, price increases. The growth in unit sales was generated largely by sales to new customers which were obtained by the addition of experienced sales representatives with existing customers, and, to a lesser extent, by increased sales to existing customers.

Sales of dental supplies comprised 77.1% of net sales in the first quarter of 1992 versus 80.0% during the same period in 1991, with dental equipment sales and sales of repair service and parts accounting for the balance in each year. Sales of dental equipment constituted 18.3% of net sales in the first quarter of 1992 versus 15.8% in such period in 1991. The increase in the amount of equipment sales and sales of repair service and parts as a percentage of net sales was substantially due to the opening or acquisition of 6 equipment sales and service centers.

Gross profit rose $2,761,000, or 53.4%, in the first quarter of 1992, compared to the same period last year, primarily as the result of increased sales. Gross profit as a percentage of net sales increased to 33.7% in the first quarter of 1992 compared to 32.8% for the same period in 1991 due to changes in the Company's product mix, more advantageous pricing and buying and increased revenue from sales of repair service and parts, which have a higher profit margin than dental supplies and dental equipment.

Operating expenses rose $2,212,000, or 53.3%, in the first quarter of 1992 compared to the first quarter of 1991 and increased as a percentage of net sales to 27.1% from 26.4% over the same period last year. Of this increase in operating expenses, $1,682,000 resulted from increased salaries and commissions, which represented 60.9% of operating expenses in the first period of 1992 compared to 52.8% of such expenses in the same period in 1991. The balance of the increase in operating expenses resulted primarily from increased depreciation and amortization, rent, auto expense, freight and insurance.

For the first quarter of 1992, operating income increased from the same period the previous year by $548,000 to $1,564,000 due to the factors identified above. Interest expense increased by $54,000 to $56,000 in the first quarter of 1992. This fluctuation was primarily the result of increased borrowing needs to finance continued growth in inventories and computer hardware and software expenses.

Net income increased by $302,000, or 47.3%, in the first three months of 1992 as compared to such period in 1991, primarily due to increased sales and increased gross profit margins.

Liquidity and Capital Resources

Accounts receivable at March 31, 1992 increased $1,056,000, or 10.5%, from year-end 1991, primarily due to increased sales.

Working capital at March 31, 1992 was $15,212,000, an increase of $560,000 over December 31, 1991, reflecting higher net income.

A portion of the proceeds of $13,346,000 of the Company's second equity offering as more fully described below were used in April, 1992 to fully repay the outstanding balance of the Company's unsecured bank line of credit. The Company expects that the proceeds from the offering and the $7,000,000 available line of credit, together with internally generated funds, is sufficient to meet forseeable working capital requirements.

Item 2. Changes in Securities

On January 6, 1992, the Board of Directors authorized a stock dividend of one share of common stock for every two shares of common stock held by stockholders of record at the close of business on January 21, 1992. All references in the accompanying financial statements to number of common shares and per share amounts have been retroactively restated to reflect the stock dividend.

Item 5. Other Information

On April 7, 1992, the Company sold 805,000 newly issued shares of its common stock in an equity offering. The offering price was $18.00 per share and proceeds to the Company after offering expenses were approximately $13,346,000.

On April 9, 1992, the Company purchased all of the assets and assumed certain liabilities of Dental Specialty, Inc., a Denver-based dental equipment and service company, in exchange for 75,000 unregistered shares of common stock of the Company.

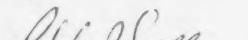
Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K - The Company filed a Form 8 Amendment to Form 8-K dated January 13, 1992 with the Securities and Exchange Commission, File No. 0-18347, to provide pro forma financial information relating to the acquisition of MoDent, Inc., MoQuip, Inc. and E.F.G. Dental Equipment Company, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SULLIVAN DENTAL PRODUCTS, INC.
(Registrant)

By 

ROBERT J. SULLIVAN, Chief Executive Officer
(Duly authorized officer and principal financial officer)

Dated: May 13, 1992

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